

# The AGRICULTURAL OUTLOOK DIGEST

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Prices in retail, wholesale and farm markets have been fairly stable in recent months.

The wholesale price index in January was about the same as it had been since last August and slightly lower than a year earlier. It is now about 4 percent below the peak reached last March.

Prices received by farmers dropped two percent in the last month, mainly because of lower prices for eggs and turkeys, cotton and cottonseed, most meat animals, oranges and grapefruit. In mid-January, the index was the same as a year ago and 4 percent below the peak of last February. It is now slightly below the average for 1951.

Farm costs continue to move up. The parity index in mid-January was about 1 percent above a month earlier,  $5\frac{1}{2}$  percent above a year earlier and a record.

Over the last 12 months, prices farmers paid for commodities used in production went up 5 percent. Wage rates advanced 11 percent, interest payable per acre on mortgages secured by farm real estate, 8 percent, and taxes payable per acre on farm real estate, 4 percent. Prices for things farmers buy for family living rose 4 percent.

Spending for national defense will rise \$20 billion to an annual rate of \$65 billion by the end of this year, according to the federal budget recommended by the President. The increase is about in line with what had been expected.

In the fourth quarter of 1951, expenditures for national security were at an annual rate of \$45 billion--14 percent of the nation's total output of goods and services. A year earlier, defense spending made up 8 percent of output. Total spending under the proposed budget for fiscal year 1952-53 would be more than \$85 billion, up \$14.5 billion from the estimate for 1951-52.

Expenditures by businessmen for plant and equipment are at a record level. Expansion of industries connected with the defense program is expected to continue at a high rate through the year, but housing and industries not connected with defense are scheduled to be cut back sharply.

Large expenditures for defense activities and business expansion are supporting a rising consumer income. Income, after taxes, rose at the rate of about a billion dollars a month last year and is expected to continue upward this year.

LIVESTOCK AND MEAT Cattle on feed January 1 numbered 5.1 million, 11 percent more than a year earlier and a record. A higher proportion than last year had been on feed more than 6 months, indicating increased marketings in the next few months. This points to seasonal declines in prices of better grades of cattle this winter and spring. Hog prices are likely to strengthen in the weeks ahead as marketings decline seasonally.

DAIRY PRODUCTS Milk production this year is expected to be close to 1951 levels, and stocks of dairy products on January 1 were well below a year earlier. Consequently, supplies of dairy products per person are expected to be smaller than in 1951.

With consumer demand strong, farmers' prices for milk and butterfat probably will fall less than seasonally as production increases this winter and spring.

POULTRY AND EGGS The egg-feed price ratio in mid-January was 9.5 pounds, compared with 11 pounds a year earlier. The drop resulted from a 10 percent increase in the price of feed and a 5 percent decline in the price of eggs. The ratio is likely to continue below a year earlier in the next few months; the likely result is that farmers will raise fewer chickens for laying flock replacement.

Another record turkey crop is in prospect for 1952. In January, farmers intended to raise 11 percent more turkeys than in 1951.



FATS AND OILS A record  $12\frac{1}{2}$  billion pounds of fats and oils is expected to be produced in 1951-52, up about .2 billion from 1951. There will be more cottonseed oils and lard and less butter and soybean, peanut and linseed oils than last year.

Fats and oils prices generally continue downward. The index of wholesale prices of the 26 major products was 165 in January compared with 176 in December and 241 in January a year ago.

FEEDS About 90 million tons of the 4 feed grains were on hand January 1, 10 percent less than a year earlier. Corn was down 9 percent, oats 3 percent, barley 17 percent and sorghum grains 30 percent.

Feed grain prices changed little in the last month and in mid-January averaged about 9 percent above a year earlier. Oats and barley prices were near parity while sorghum grain was 11 percent and corn 6 percent below.

WHEAT Prices of wheat in January were above the effective loan rate but below the high point for the season reached in early December.

FRUIT Prices of apples and pears may rise somewhat this winter and spring since consumer demand will continue strong and supplies are well below a year ago. Slightly higher prices for oranges are in prospect as demand from processors picks up and the usually higher-priced Valencias replace early and mid-season varieties in the market. Not much change is expected for prices of grapefruit.

VEGETABLES Market supplies of cabbage, carrots, cauliflower and possibly green peas will be much smaller in February and March than a year ago and prices probably will be higher. Lower prices are expected for artichokes, snap beans, beets, celery, cucumbers, eggplant, escarole, kale, green peppers, shallots, spinach and tomatoes.

The acreage of commercial early Irish potatoes for harvest this winter and spring is expected to be up about a tenth from 1951. With favorable weather, supplies of early potatoes probably will be up substantially.

Dollar and cents ceilings have been placed on prices of potatoes at country shipping points and at wholesale. Maximum percentage mark-ups have been designated for retailers. In mid-January, potato prices to farmers were \$2.07 per bushel, 120 percent of parity.

COTTON Prices for cotton on the 10 spot markets varied within a range of about 1 1/4 cents per pound in the last month. In mid-January, prices received by farmers averaged 38.70 cents compared with 40.34 in mid-December. Drop was due to fact that the quality of cotton marketed was declining as is usual for that time of year.

WOOL Farmers' prices for wool in mid-January averaged 61.3 cents per pound, 1.4 cents lower than in December and 36.7 cents lower than a year earlier.

Consumption of apparel wool through November, 1951 was 12 percent less than in the same period of 1950. Consumption of carpet wool was down 48 percent from a year earlier.

TOBACCO Most of the 1951 crop of burley had been sold by late January. Prices averaged a record 51.2 cents per pound compared with the 1950 season average of 48.8 cents.

Exports of unmanufactured tobacco by the U. S. are estimated at 510 million pounds in 1951, 32 million more than in 1950.

